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Joint Committee on Finance *100th ANNIVERSARY 1911 - 2011*

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative Robin Vos

Date: June 16, 2011

Re: DCF Report to JFC

Attached is a report on the Wisconsin Shares Program from the Department of Children and Families.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:RV:jm



wisconsin department of children + families

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Governor Scott Walker
Secretary Eloise Anderson

Secretary's Office

June 15, 2011

RECEIVED
JUN 16 2011

BY: St. Finance

Honorable Alberta Darling, Senate Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

Honorable Robin Vos, Assembly Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53702

Dear Senator Darling and Representative Vos:

This letter provides the Department of Children and Families' June 2011 report on the Wisconsin Shares Program. The information below is a compilation of data requested by the Committee related to DCF's fraud prevention, investigation and overpayment collection activity.

Wisconsin Shares Fraud Prevention, Detection and Recovery Expenditures, May 2011

Expenditures related to fraud prevention and investigation: \$174,600

The above amount represents the May 2011 costs of the Child Care Fraud Detection and Investigation Unit, information technology programming costs, and an estimate of county expenditures from their DCF allocations for investigating suspected fraudulent activity.

Expenditures related to recovering overpayments due to error or fraud: \$48,500

The May 2011 expenditures related to recovering overpayments due to error or fraud are estimated above. The Public Assistance Collections Unit (PACU) of DCF coordinates the Department's efforts to collect public assistance overpayments, including Wisconsin Shares, which are attributed to participant error or fraud.

Overpayment and/or restitution collected by DCF: \$205,127

In May 2011, DCF collected \$77,861 in child care overpayments that were the responsibility of the individual for whom the child care subsidy was paid plus \$127,266 in child care overpayments that were the responsibility of child care providers. These collections are the result of ongoing efforts to recover historical overpayments. Most collections to date are owed to DCF as a result of an administrative finding that an overpayment has occurred.

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Overpayment and/or restitution collected by other agencies: \$0

No overpayments and/or restitution collections have been reported by other agencies in May 2011 to DCF.

Providers Suspended from the Wisconsin Shares Program, May 2011

During the month of May, DCF suspended payments to six child care providers. Five were from Milwaukee County and one was from Outagamie County. The Department continues to review the details of Milwaukee County suspensions with the Child Care Anti-Fraud Task Force.

Also, during May a total of \$156,731 in overpayments were established in the Department's tracking system against all providers suspended from the Wisconsin Shares program. Through May the cumulative total for overpayments established against suspended providers since January of 2009 stands at \$7,568,121.

Automatic Authorization of Child Care Hours System

Number of changes made to authorized hours during the month: 1,493 changed authorizations
This figure reports the total number of active authorizations in May that were reduced by the automated system.

Total reduction made to the authorized hours during the month: 11,495 hours

This figure reports the total number of hours taken off of active authorizations in May that were reduced by the automated system.

Estimated savings in the month due to the automated authorization adjustment system: \$87,635

This is an estimate of the maximum potential savings for those active authorizations in May that were reduced by the automated system.

Were child care quality improvements identified via use of the new system? To date, no.

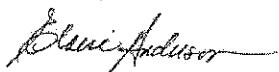
The system was launched on May 15, 2010 and was designed primarily to improve consistency in the authorization process rather than to identify opportunities for making quality improvements.

Estimated annualized ongoing costs to operate the automated system: \$50,000

The primary ongoing cost is for mailing notices to parents and providers. Ongoing staff time to run the automated check is estimated at 30 minutes per month.

Thank you for the opportunity to share information on the status of the Shares program.

Sincerely,



Eloise Anderson

Secretary

cc: Mike Huebsch, Department of Administration
Bob Lang, Legislative Fiscal Bureau

Wisconsin Shares Provider Suspensions
May 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Little's Luv N' Care	Milwaukee	05/06/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to provide access to the child care facility during stated hours of operation; 2) the provider's failure to maintain and submit accurate attendance records as required by the Shares program; and 3) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	Yes	Overpayment establishment pending per formal investigation completion	No	

The Department has evidence that the provider:

- Billed for more hours than children actually attended.
- Billed for children who were not in attendance.

Wisconsin Shares Provider Suspensions
May 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Addie B Happyland Daycare	Milwaukee	05/26/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	Yes	\$9,411.45	Yes	No

The Department has evidence that the provider:

- Billed for children who were not in attendance.
- Billed for children who did not have recorded attendance on the attendance records.
- Maintained attendance records anticipating children's attendance, rather than being an actual record of children's attendance (pre-filled attendance records).
- Billed for more hours than children actually attended.

Wisconsin Shares Provider Suspensions
May 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overspent Established	Referred to Law Enforcement	Collection
Houdini Acadamy	Outagamie	05/26/2011	Outagamie County and the Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the County's investigation including (but not limited to): 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	Yes	\$43,365.48	No	

The County has evidence that the provider:

- Billed for children no longer attending the child care center, even after the parents stopped bringing their children to the child care center.
- Billed for more hours than children actually attended.
- Billed for children who were not in attendance.
 - Admitted the attendance records and billing records were not accurate.

Wisconsin Shares Provider Suspensions
May 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Loving Hands Academy	Milwaukee	05/26/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	No	\$6,246.09	Yes	
			The provider was licensed to provide licensed child care for no more than 480 hours per week (capacity 8 children, 5 days/week, open 7:00 AM – 7:00 PM [12 hours] 8x5x12=480) During the following weeks the provider reported providing child care that exceeded 480hours:	Yes			<ul style="list-style-type: none"> • 1/11/2009 495 hours of attendance reported • 1/18/2009 495 hours of attendance reported • 1/25/2009 495 hours of attendance reported • 2/1/2009 495 hours of attendance reported • 2/8/2009 495 hours of attendance reported • 4/26/2009 515 hours of attendance reported

Wisconsin Shares Provider Suspensions
May 2011

The Department reviewed the provider's billing records for the identified periods of time above. Contrary to statute and rule, the provider billed the Wisconsin Shares program for more hours of care than authorized to provide according to the provider's child care license limit of 8 children in care at any one time during licensed hours of operation. The provider billed those excessive hours for all of the weeks listed above.

The Department has evidence that the provider:

- Billed for more hours than children actually attended.
- 9/20/10: attendance records reflect children attending 60 hours this week, yet the provider billed 225 hours.
- 11/8/2010: 4 children attended 3 hours each, yet the provider billed 40 hours each.
 - Billed for children who did not appear on the attendance records.
 - Admitted to the Department that the times on the attendance records are not the actual arrival and departure times, rather, the times are inconsistently rounded.
 - Marked a child in attendance on 5/11/2011 at 11:00 AM when the Department did not observe the child in attendance.

Wisconsin Shares Provider Suspensions
May 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Lydia's World of Children, Inc.	Milwaukee	05/26/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	No	Overpayment establishment pending per formal investigation completion	Yes	

The Department has evidence that the provider:

- Billed for more hours than children actually attended.
 - o Billed for children who were not in attendance.

Wisconsin Shares Provider Suspensions
May 2011

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped	Overpayment Established	Referred to Law Enforcement	Collection
Miss Robbins Little Ones	Milwaukee	05/26/2011	The Department of Children and Families suspended all Wisconsin Shares payments to the provider based on a reasonable suspicion that the provider violated provisions of the Wisconsin Shares program. The suspension was based upon a combination of red flags indicating a likelihood of Shares violations and the following findings from the Department's investigation including but not limited to: 1) the provider's failure to maintain and submit accurate attendance records as required by the Shares program and 2) the provider's failure to comply with the statutes, promulgated rules, or policies of the Wisconsin Shares program.	Yes	\$14,674.74	No	Yes

The Department has evidence that the provider:

- Billed for more hours than children actually attended.
- Billed for children who were not in attendance.
 - Billed for children who did not appear on the attendance records.